



Foreign Agricultural Service

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## **Singapore**

### **Market Development Reports**

#### **ASEAN\* MARKET WATCH**

**1999**

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#### **Report Highlights:**

**Economic growth returns to Southeast Asia. Stand-alone organic food stores see growth in Singapore. Unilever prepares for ASEAN's free trade area. Dairy Farm International expands its reach in South and Southeast Asia. Discovering the "food mind" in Southeast Asia. Will Australia and New Zealand join ASEAN's free trade area?**

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Includes PSD changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Singapore [SN1], SN

\* Association of Southeast Asia Nations.

Members: Brunei, Burma, Cambodia, Indonesia, Laos, Malaysia  
the Philippines, Singapore, Thailand and Vietnam.

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## **Economic Growth Returns to Southeast Asia**

Growth in Southeast Asia has proven to be more rapid and broad-based than previously anticipated. All ten economies are expected to have positive growth in 1999, with Malaysia, the Philippines, Singapore and Thailand individually projected to fall between 3-5 percent. Together, the ten members of Association of Southeast Asia Nations are projected to average 3 percent, up significantly from the negative growth of 7.5 percent in 1998.

Source: Asian Development Bank, December 1999.

## **Will Australia & New Zealand Join ASEAN's Free Trade Area?**

ASEAN and CER (Australia/New Zealand) members have agreed to study the feasibility of creating a free trade area by 2010. The 12-month study will be headed by former Philippine Prime Minister Virata. Based on pre-economic crisis studies of the impact of such a linkage, pre-crisis dialogues between the members and the fact that Singapore and Thailand initiated the proposal, the study's findings are almost certain to be positive. A CER-AFTA linkage would give New Zealand and Australia a ten-year window to enter the ASEAN market before other APEC members, under the current APEC free trade initiative framework.

Source: ATO Singapore and ASEAN Homepage at [www.aseansec.org](http://www.aseansec.org).

## **ASEAN's AFTA to Give Edge to Intra-Regional Food Brands?**

The heady ASEAN economic growth that occurred over the past decade was fueled by foreign investment and exports to the developed economies. Within the region, international, western product brand recognition and demand has been much greater than intra-regional brands for a variety of reasons. AFTA will change the market parameters within the ASEAN as tariff barriers to intra-regional trade come down, foreign and local investors can be expected to devote more time and effort in producing and marketing local products to take advantage of economies of scale.

Source: Financial Times, 24 Sep 1999 and ATO Singapore.

## **Unilever Revamps, Preparing for ASEAN's Free Trade Area's Completion**

Unilever is realigning its operations in ASEAN countries amid the changing international business environment and to prepare for the ASEAN's Free Trade Area (AFTA.) According to the chairman of Unilever Thai, a serious effort is underway to further expand into the food business. He describes Unilever as a multinational, multi-local company which will have to adjust to the new realities in Asia, including circumstances associated with AFTA. Plans are to harmonize Unilever's regional production facilities. The company is making a country-by-country study - looking at many key factors such as transportation costs, quality of staff and capital utilization.

Source: The Nation, 23 Sep 99.

## **Australian-Born Dairy Farm Lengthens, Strengthens Its Asian Supermarket Business**

Dairy Farm International announced August 13, the acquisition of 90 percent of the share capital of Giant TMC Bhd which operates five supermarkets and two hypermarkets in Malaysia with 1999 sales expected to be in excess of \$200 million. August 26, it announced a joint venture to operate Food World supermarkets in India. The joint venture will acquire 29 supermarkets. On October 8, Dairy Farm announced it had agreed to acquire seven stores in Singapore from Royal Ahold-Kerry. Dairy Farm International is a leading food and drugstore retailer in the Asia-Pacific Region. At 30th June 1999, the Group and its associates operated 1,926 outlets, principally supermarkets, convenience stores and drugstores, employed some 72,500 people in nine countries and had 1998 sales of US\$6.6 billion. Its operations include: Supermarkets - Wellcome in Hong Kong and Taiwan, Cold Storage in Singapore, Franklins in Australia, Woolworths in New Zealand, and Hero in Indonesia; Convenience stores - 7-Eleven in Hong Kong, Mainland China and Singapore.

Source: ATO Singapore and [www.irasia.com/listco/sg/dairyfarm/](http://www.irasia.com/listco/sg/dairyfarm/)

## **Third Annual Asia Fruit Conference to be Held in Singapore**

The food portion of Food and Hotel Asia, April 11-14, 2000 will cover 60,000 sq.m.. of exhibit space in Singapore's new Expo center. The 3<sup>rd</sup> Asia Fruit Congress will be held in tandem with the show, April 12-13. This is Asia's only conference for the international fresh fruit and vegetable business. It will focus on the latest trade developments in Asia. For additional information, contact [jy@sesmontnet.com](mailto:jy@sesmontnet.com) or visit Singapore Exhibition Services homepage at [www.food-asia.com](http://www.food-asia.com).

Source: ATO Singapore.

## **Selling Bulk Dairy Products in Asia**

The Australian research firm Eastwood Marketing Group has prepared “a series of market intelligence reports, that provide answers to help capture a share of the growing dairy trade within Asia’s key processed food markets.” These reports cover 22 dairy product categories from anhydrous milk fat to cream cheese to whey protein concentrates. In Southeast Asia, they cover Malaysia and the Philippines. Individual country reports cost \$750. For additional information, contact [admin@eastwoodmarketing.com.au](mailto:admin@eastwoodmarketing.com.au) or visit their homepage at [www.eastwoodmarketing.com.au](http://www.eastwoodmarketing.com.au).

Source: ATO Singapore

## **Asian Food Mind Survey**

The Batey Group, with its regional office in Singapore, has investigated food shopping attitudes and behavior in Malaysia, the Philippines, Singapore and Thailand. Seven hundred consumers were surveyed in each country. The questionnaire had five sections: how individuals prepare to go shopping for food, the key influencing factors governing food purchases, spontaneous purchasing behavior and attitudes to food related issues. Individual country reports are available for \$4,000 or a pan-Asia report, including the above countries and Hong Kong, and Taiwan is available for \$10,000. Contact [david.mackenzie@bateyads.com.sg](mailto:david.mackenzie@bateyads.com.sg) for additional information.

Source: ATO Singapore

## **Southeast Asia’s Instant Food Market**

Malaysia is the Quaker Products Sdn Bhd manufacturing hub for Southeast Asia and Hong Kong. Production is currently contracted out, however, their own facilities would be set up once economies of scale were reached. They estimate the annual Southeast Asia market value for instant foods at about US\$25 million. Catering to local tastes, Quaker has developed three, savory oatmeal porridge products: chicken mushroom, chicken onion and anchovies. Their plans are to export the products to the Philippines, Thailand and Singapore by the first quarter 2000.

Source: Strait Times, 6 Sep 1999

## **Singapore's Food Market Trends**

There are four major food trends running through the Singapore market: convenience, functional food, an organic boom and an expansion in the halal market. The Singaporean urbanite with his or her fast paced lifestyle does not wish to prepare and cook meals that take more than 15 minutes to prepare. The functional food trend is leaning towards nutraceuticals, products that are naturally occurring with a perceived health benefit. Despite high prices, standalone organic shops are seeing growth. The halal market is growing as manufacturers move to develop globally accepted products and perceive there is an untapped Muslim market.

Source: Retail Asia, Apr 1999.

## **Asian Health Issues**

The Asia Food Information Center, headquartered in Singapore, provides incites into Asian food health concerns and issues. Its Food Facts Asia quarterly report can be accessed from its internet homepage at [www.afic.org](http://www.afic.org).

Source: ATO Singapore

END OF REPORT